

ORIGINAL



0000031405

MEMORANDUM

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TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

Date: September 12, 2005

RE: STAFF REPORT FOR APPLICATION OF SERVICEBERRY WATER
COMPANY FOR APPROVAL TO DELETE A PORTION OF ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY
(DOCKET NO. W-02481A-05-0446)

Attached is the Staff Report for the application of Serviceberry Water Company for deletion of a portion of its Certificate of Convenience and Necessity. Staff recommends approval. Because Serviceberry Water Company may not be serving water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4, Staff is recommending approval with requirements for compliance.

EGJ: LAJ:tdp

Originator: Linda A. Jaress

Attachment: Original and 13 Copies

AZ CORP COMMISSION
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2005 SEP 28 A 11:18

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Service List for: Serviceberry Water Company
Docket No. W-02481A-05-0446

Mr. Mark Grapp
Serviceberry Water Company
Post Office Box 1270
Show Low, Arizona 85902

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

SERVICEBERRY WATER COMPANY
DOCKET NO. W-02481A-05-0446

APPLICATION FOR DELETION OF A PORTION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY

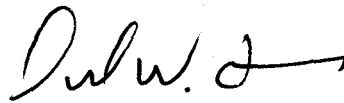
SEPTEMBER 2005

STAFF ACKNOWLEDGMENT

The Staff Report for Serviceberry Water Company, Docket No. W-02481A-05-0446 was prepared by the Staff members shown below. Linda Jaress prepared the Staff Report, Del Smith. prepared the Engineering Report.



for Linda A. Jaress
Executive Consultant III



Del Smith
Engineering Supervisor

On June 21, 2005, Serviceberry Water Company ("Serviceberry" or "the Company") filed an application for deletion of a portion of the area within its Certificate of Convenience and Necessity ("CC&N"). The area currently contains no water facilities nor are any customers. The Flying W Ranch, a potential customer, requested that Serviceberry delete the portion of its service territory within which the Ranch would like service. The Ranch is closer to the Vernon Water Improvement District facilities and would rather be served by the district. The Company has agreed to delete that portion of its service territory from its certificated area. A map of the current CC&N and the area to be deleted is attached as Exhibit 1.

Staff's Engineering Report, attached as Exhibit 2, indicates that Serviceberry has one well with a total production capacity of 25 gal/min, 10,000 gallons of storage capacity, booster pumps, a pressure tank, and a distribution system serving 22 connections. Staff believes the Company has adequate production and storage capacity to serve the existing customer base.

The Arizona Department of Environmental Quality ("ADEQ") reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. The deficiencies are primarily related to coliform testing. Staff recommends that Serviceberry be required to file with the Commission's Docket Control its monthly lab results for the total coliform analysis required by ADEQ. These monthly lab results shall be required for a period of twenty-four (24) months following the effective date of the Commission's Decision in this matter. Each monthly filing shall be due within 45 days of the end of the month reported.

Recent data on the Company's level of arsenic concentration shows that the Company currently meets the new arsenic standard of 10 micrograms per liter that will become effective January 23, 2006.

Arizona Department of Water Resources ("ADWR") Compliance

Serviceberry is not within any Active Management Area, and consequently is not subject to reporting and conservation rules.

ACC Compliance

There are no outstanding compliance issues pertaining to this company.

Recommendations

Staff believes it is in the public interest to facilitate a potential customers request to be served by a water improvement district rather than by Serviceberry. Staff recommends approval of the Company's application to delete that portion of its service territory. Staff also recommends that Serviceberry be required to file with the Commission's Docket Control, as a compliance item in this case, its monthly lab results for the total coliform analysis required by

ADEQ. These monthly lab results should be required for a period of twenty-four (24) months following the effective date of the Commission's Decision in this matter. Each monthly filing shall be due within 45 days of the end of the month reported.

MEMORANDUM

DATE: September 6, 2005

TO: Linda Jaress

FROM: Del Smith *DS*

RE: Serviceberry Water Company Application for a Deletion of a part of its Certificate of Convenience and Necessity (Docket No. W- 02481A-05-0446)

Introduction

Serviceberry Water Company ("Serviceberry" or "the Company") has applied to delete a portion of its Certificate of Convenience and Necessity ("CC&N"). The application would delete approximately one-sixteenth square mile of the Company's existing certificated area which comprises roughly two square miles. Serviceberry is located approximately sixteen miles east of Show Low in Apache County.

According to the Company, it has no facilities or customers in the deletion area. The company identified one potential customer (Flying W Ranch) in the proposed deletion area. Flying W Ranch has requested that the Company delete this area so it can obtain service from the Vernon Water Improvement District.

Capacity

Serviceberry has in existence one well with a total production capacity of 25 gal/min, 10,000 gallons of storage capacity, booster pumps, pressure tank, and a distribution system serving 22 connections.¹ Based on historical growth rates, it is anticipated that the existing service area would have 32 total customers at the end of five years.² System production and storage capacity is adequate to serve the existing customer base.³

¹ Information reported in Company's 2004 Commission Annual Report (*See Water Company Plant Description*).

² Historical growth rate based on number of connections added during the years 2000 thru 2004 (*See Annual Reports for period*).

³ Capacity calculations were based on Water Use Data information reported for 2004 (*See 2004 Annual Report*).

ADEQ Compliance

ADEQ regulates the water system under ADEQ Public Water System I.D. # 01-054. ADEQ reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ **cannot** determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.⁴ Staff recommends that Serviceberry be required to file with the Commission's Docket Control its monthly lab results for the total coliform analysis required by ADEQ. These monthly lab results shall be required for a period of twenty-four (24) months following the effective date of the Commission's Decision in this matter. Each monthly filing shall be due within 45 days of the end of the month reported.

Recent data on arsenic concentration shows compliance with the new arsenic standard of 10 micrograms per liter that becomes effective January 23, 2006.⁵

Arizona Department of Water Resources ("ADWR") Compliance

Serviceberry is not within any Active Management Area, and consequently is not subject to reporting and conservation rules.

ACC Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues.⁶

Other Issues

Serviceberry has an approved Curtailment Tariff that has been in effect since August 25, 2004.

Conclusions

1. The Company has no facilities or customers in the deletion area.
2. Staff concludes that the existing system has adequate production and storage capacity to serve the existing customer base.

⁴ ADEQ Drinking Water Compliance Status Report dated 8-9-05.

⁵ Based on information contained in the Company's 2004 Commission Annual Report.

⁶ ACC compliance status check dated July 12, 2005.

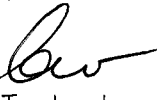
3. Recent data on arsenic concentration shows compliance with the new arsenic standard of 10 micrograms per liter that becomes effective January 23, 2006.
4. Serviceberry is not within any Active Management Area, and consequently is not subject to reporting and conservation rules.
5. A check with the Utilities Division Compliance Section showed no outstanding compliance issues.


Recommendations

ADEQ reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ **cannot** determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. Staff recommends that Serviceberry be required to file with the Commission's Docket Control, as a compliance item in this case, its monthly lab results for the total coliform analysis required by ADEQ. These monthly lab results shall be required for a period of twenty-four (24) months following the effective date of the Commission's Decision in this matter. Each monthly filing shall be due within 45 days of the end of the month reported.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: September 2, 2005

RE: **SERVICEBERRY WATER COMPANY (DOCKET NO. W-02481A-05-0446)**
REVISED LEGAL DESCRIPTION

The area requested by Serviceberry for a partial deletion has been plotted with no complications using a revised legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

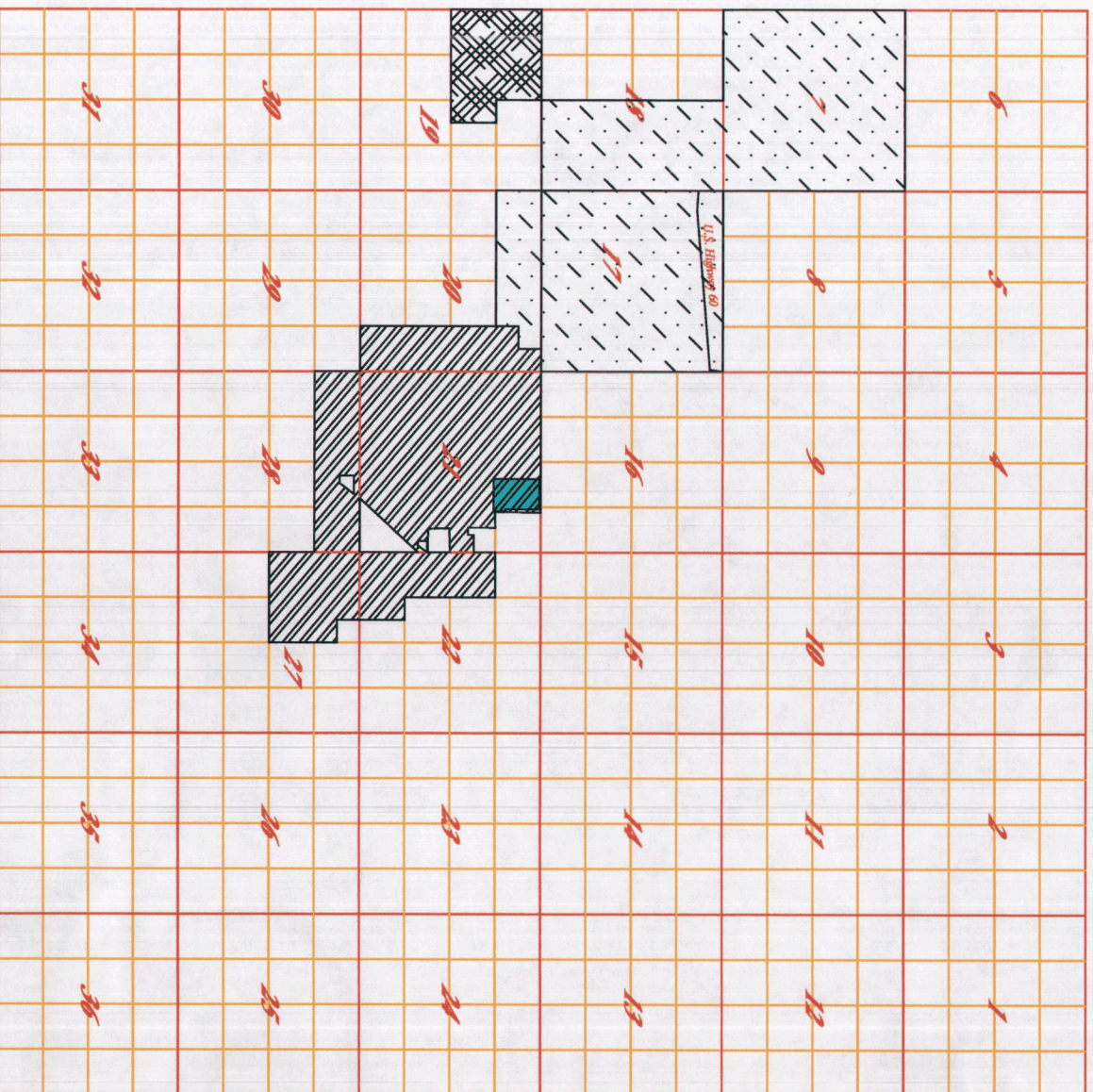
:bsw

Attachments


cc: Docket Control
Mr. Mark Grapp
Ms. Deb Person (Hand Carried)
File

GOOUNTY Apache

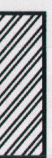
RANGE 25 East




TOWNSHIP 10 North

 W-2479 (2)

Lord Arizona Water Systems, Inc.

 W-2481 (1)

Serviceberry Water Company

 W-1902 (1)

T. K. Water Service



Serviceberry Water Company
Docket No. W-02481A-05-0446
Application for Partial Deletion

Serviceberry Water Co.

PO Box 1270, Show Low, AZ 85902 (928) 537-8739

2005 AUG 23 12:52

August 18, 2005

AZ CORP COMMISSION
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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix Arizona 85007

RE: CC&N Deletion Docket No. W-02481A-05-0446.

Dear Commission,

This letter is to provide an updated legal description changing the range, as it was incorrect on the last one submitted. This is for a CC&N deletion filed under Docket No. W-02481A-05-0446.

Starting at the Northeast corner of Section 21, T10N R25E, thence 2140.46 feet bearing S 89°14' 12" W. to the Northwest corner of parcel 1 Elk Ridge Estates Unit One, this being the Point of Beginning Thence, South 1341.32 feet; Thence East 943.78 feet; Thence North 336.71 feet; Thence West 50 feet; Thence North 1000.6 feet; Thence West 892.48 feet to the Point of Beginning

Any questions or comments please call me. Thank you.

Sincerely,



Mark Grapp

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AUG 23 2005

AZ Corporation Commission
Director of Utilities